

FP MATTIOLI WOODS
UK DYNAMIC FUND

MATTIOLI WOODS
FUNDS

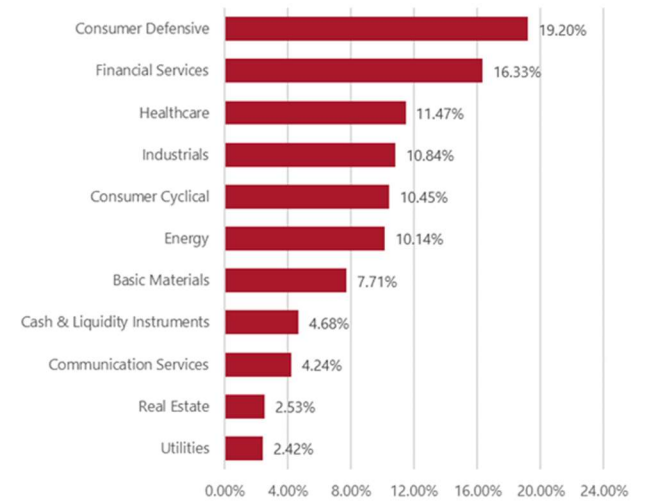
FUND AIM

The Fund aims to achieve capital growth (the increase in value of investments) and income (money paid out through the payment of dividends) by the active management of a portfolio of UK shares over an investment term in excess of five years.

INVESTMENT PHILOSOPHY

The Fund aims to achieve its objective by investing directly in UK shares. At least 90% of these will be UK-listed shares in companies with market capitalisations in excess of £500 million. The remaining 10% can be invested in UK-listed smaller companies, which have market capitalisations below £500 million but which the Investment Manager believes will grow to in excess of £500 million in the future. The Investment Manager expects that the Fund will invest in 30 to 45 individual equities, across a range of different sectors.

FUND COMPOSITION

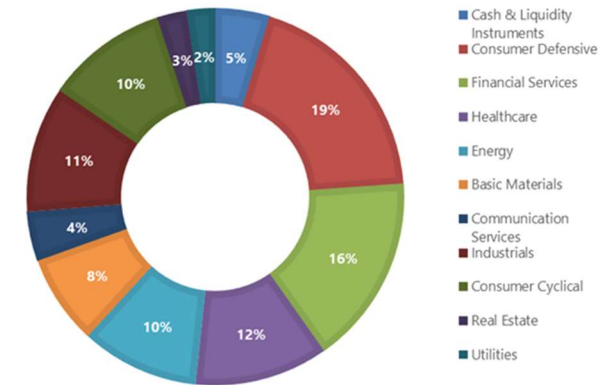


Due to rounding, figures above may not equal 100%

TOP TEN HOLDINGS as at 31.01.2024

Holding	Percentage
GlaxoSmithKline plc	4.82%
Shell plc	4.40%
Unilever plc	3.71%
AstraZeneca plc	3.68%
BP plc	3.64%
QinetiQ Group plc	3.29%
Aviva plc	3.22%
Breedon Group Ord Shs	3.04%
Smith & Nephew plc	2.98%
Tesco plc	2.73%

ASSET ALLOCATION



FUND DETAILS

Fund managers:	Jonathon Marchant
Fund size:	£37.61 million
No. of holdings:	39
Sector:	IA UK All Companies
Benchmark:	MSCI United Kingdom All Cap Index
Distribution policy:	Half-yearly
Payment dates:	March and September
XD date:	February and August
Launch date:	September 2023
Legal structure:	Non-UCITS Retail Scheme
Reporting date (annual):	31 July
Reporting date (interim):	31 January
Base currency:	Sterling
Valuation point:	12:00 midday daily
ISA eligible:	Yes
Ongoing charges figure (% p.a.)	

B Income	0.60%
Annual management charge (% p.a.)	
B Income	0.60%
Initial fee	0.00%
ISIN	
B Income	GB00BMF9P118
SEDOL	
B Income	BMF9P11

FUND PERFORMANCE/ CUMULATIVE PERFORMANCE/ ANNUAL PERFORMANCE as at 31.01.2024

Past performance data will not be published until the Fund has been running for a full 12 months

FUND MANAGER COMMENTARY

MARKET REVIEW

UK economic data has largely surprised on the upside over the past few months. Business activity rose more than expected in January, suggesting that the economy could potentially avoid a recession. Stock markets, however, did not appear to reflect this positivity, ending January down. While the UK's economic situation has improved, investors recognise that taming inflation while not harming growth remains a difficult task for the Bank of England (BoE). The potential for an expansionary budget in March, as well as shipping disruptions in the Red Sea causing supply issues, remain threats to the curtailing of inflation.

FUND REVIEW

UK equities started the year in negative territory, with the MSCI UK All Cap index down 1.34% over January. The UK Dynamic Fund also delivered negative performance (-1.47%) and underperformed the benchmark. As a reminder, November and December had been strong months for the domestic market, predominantly down to hopes that interest rates would be cut sooner than expected. Inflation data in January tempered the excitement of UK investors by coming in marginally higher than expected. This was compounded by a slump in the oil price and weak retail sales data. Despite the retail sales numbers, most of the names in our portfolio posted good numbers. Indeed, the likes of Tesco, Next, Associated British Food and M&S appeared to make it through the festive period successfully. At the other end of the spectrum, JD Sports issued a profit warning, noting unseasonably warm weather and a more cautious consumer. Halfords commented on similar trading dynamics and commented that it failed to see a recovery in its end markets on the horizon. Elementis delivered strong results, especially considering the performance of other chemicals businesses. Later in the month, shares reacted positively to news that a bid for the company was submitted in December. The board rejected the approach, but the largest holder continues to push for the business to be sold. Despite tensions in the Middle East, oil prices have remained weak over recent months. This has started to feed through to results from energy producers. Shell reported weaker results and announced a material write down in the value of its Singapore business. Harbour Energy disappointed the market with weaker guidance on production and cash flow. On a more positive note, BP made their interim CEO and CFO permanent fixtures, which should help bring some stability to the business. In uncertain times, some of the larger names in the index can prove to be a safe harbour. GSK posted solid results and appears to be making strides in growing its drug pipeline, something the market has been concerned about for some time. While Diageo has been a reliable name in the past, recent performance has been poor. Some idiosyncratic issues in their Latin American supply chain, combined with a softer demand for high end spirits have proved unhelpful. Though results were weaker than expected, shares appear to have priced in disappointment and were largely unchanged by the end of the day.

ACTIVITY

We exited two positions in full during January. Having performed strongly in 2023, we felt that the upside potential in Next had become limited. We also noted a sizeable sale by the CEO and his wife. We exited Workspace, which announced the departure of its long-standing CEO in January. Both sales chimed with our macro-economic thesis that interest rates could stay higher for longer, posing a threat to areas like retail and property. While we reduced retail exposure overall, we took the opportunity to top up our position in JD Sports, feeling that shares had overreacted to the profit warning. The business continues to grow market share and has a significant amount of cash on its balance sheet. We believe the current rating is compelling for long-term investors. Diageo was a new addition towards the end of the month. Shares have performed poorly over the past year and trade at the lowest valuation multiple for some time. While we acknowledge headwinds in Latin America and a more cautious consumer, the business has a number of attractive qualities and we believe current levels present an opportune entry point.

RISK WARNINGS

- **Past performance is not a guide to future returns.**
- **The value of investments and the income from them can fall as well as rise, and you may not get back the amount invested.**
- **For funds investing globally, currency exchange rate fluctuations may have a positive or negative impact on the value of your investments.**
- **Changes in interest rates will affect the value of, and the interest earned from, bonds held by the Fund. When interest rates rise, the capital value of the Fund is likely to fall and vice versa.**
- **Investment trusts can borrow money that can then be used to make further investments. In a rising market, this 'gearing' can enhance returns to shareholders. However, if the market falls, losses will be multiplied.**
- **The Fund does not use derivatives extensively, although it may use them in an attempt to reduce risk, reduce costs and to generate additional income. Investing in derivatives carries the risk of reduced liquidity, substantial loss and increased volatility in adverse market conditions. Derivatives may expose the Fund to credit risks of counterparties, who may not meet payment obligations. The use of derivatives may result in the Fund being leveraged (where economic exposure and thus the potential for loss by the Fund exceeds the amount it has invested), and in these market conditions the effect of leverage will magnify losses.**
- **This document is issued by Mattioli Woods plc and should be read in conjunction with the Fund's Supplementary Information Document. A list of risk factors is detailed in the Supplementary Information Document, and an investment should not be contemplated until the risks are considered fully. Current tax levels and relief are liable to change, and their value will depend on an individual investor's circumstances. If you are unsure about any information contained within this document, you should take financial advice.**

Source: FE Fundinfo

Mattioli Woods plc is authorised and regulated by the Financial Conduct Authority. Registered office: 1 New Walk Place, Leicester, LE1 6RU. FundRock Partners Limited is the Authorised Corporate Director (ACD) of the fund and is authorised and regulated by the Financial Conduct Authority. Registered office: Hamilton Centre, Rodney Way, Chelmsford, CM1 3BY.